

Audit Committee – 25 October 2010

Options for Scrutiny of Council Payments

Summary of report

This report summarises possible options by which the Audit Committee could scrutinise payments made by the council, as requested by Audit Committee at its 1 September 2010 meeting.

Recommendation

1. **Audit Committee is asked to advise officers on its preferred option for future scrutiny of council payments.**

R B

Rory Borealis – Executive Director

11 October 2010

Resource and legal considerations

The key role of the Audit Committee is to provide independent assurance on the adequacy of the council's risk management framework and the internal control and reporting environment. Inspection of Council expenditure assists in the Committee discharging this duty.

Governance issues / Citizen impact

Scrutiny of the council's payment systems strengthens assurance about the council's general reporting and governance and particularly about systems used to control expenditure.

Performance and risk management issues

Inspection of payment systems helps to ensure that risk and performance standards are being applied in the management of Council expenditure.

Equality implications

Assurance reporting encompasses key equality and diversity implications.

Consultation

Appropriate advice has been taken from financial services and procurement in preparing this report.

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Background

At its meeting of 1 September 2010, Audit Committee discussed the new requirement for local authorities to publish spending of over £500. This requirement followed the Prime Minister and CLG Ministers wish to see local authorities publish local spending data; to drive the open data agenda from January 2011. Walsall Council has exceeded this target date by already publishing such spend for the period April to June 2010.

Audit Committee expressed interest in options available to them in scrutinising Council payments and contracts. Options to meet the Committee's request on this matter are given below:

Option 1 (Preferred Option) – Continue Current Arrangements

The Committee continues to fully meet its obligations in scrutinising council expenditure through examination of related internal audit reports; and specifically the annual governance statement, annual report into the overall adequacies of the internal control environment; and quarterly via the submission of reports obtaining a limited or no assurance audit opinions.

Option 2 – Receiving special reports on the work done by internal audit on Council payments

Council payments arise from a number of contracts and agreements that are entered into with suppliers, contractors and partners. Internal audit routinely reviews such arrangements via the strategic risk assessed audit plan. The Committee would receive special reports on this work and place reliance on the assurance arising from these reviews.

Option 3 – Selection of two items from the public list of payments over £500

The Committee could select quarterly from the publicly available list of payments of over £500 for examination by internal audit. Committee's selection could also be informed by a report listing total payments made to the council's major creditors for the last financial year.

Preferred Option

The ongoing public examination of the list of payments over £500 now makes the council more accountable for its spending. As a result, there may be limited value in the Committee itself selecting payments from this list for examination. Option 1 is preferred as continuation of existing arrangements gives the Committee as wide and meaningful assurance as possible to discharge its duties and make best use of officer resource in examining, and accounting for, the council's activity.